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SUBJECT: RUSSIA-MOLDOVA: DEAL IN THE WORKS?

REF: A) MOSCOW 12757 B) MOSCOW 12782

Classified By: PolMilCouns Alice G. Wells. Reason: 1.4 (b, d)

¶1. (C) Summary: The Romanian Embassy in Moscow alleged to us that Moldova and Russia are close to a package bilateral deal that would normalize bilateral political and economic relations, guarantee Moldovan "neutrality" for 50 years, resolve Transnistria along the lines of the Kozak Memorandum, and guarantee Russian economic interests in Transnistria. The Moldovans describe a more piecemeal process. They say Russia is gradually phasing out economic sanctions, and Moldova will ensure the rest are eliminated during negotiations on a bilateral WTO agreement. A deal has been reached to restore high-speed train service to Moscow starting December 15, and Moldova is open about its willingness to guarantee Russian economic interests in any deal on Transnistria. However, our Moldovan contact grew evasive when asked about peace talks with Russia outside the "5 plus 2" format. End Summary.

¶2. (C) On November 30, at the CIS Summit in Minsk, President Putin announced that Moldovan champagne would flow again in Russia before the New Year. Subsequently, even before modalities on wine have been worked out, Russia has begun importing modest quantities of Moldovan meat. Romanian polcouns Iani had one explanation for Moscow's sudden relaxation of economic sanctions on Moldova: a backroom deal is in the works. Iani told us December 11 that the Russians and Moldovans are close to a package deal based on a "secret proposal" Moldovan President Voronin made to Putin. Director of Moscow's European Institute and member of the Council on Foreign and Defense Policy Sergey Karaganov confirmed December 18 that such a deal was being negotiated, driven by a Voronin-Putin "understanding" and the realities of Moldova's economic plight.

¶3. (C) Iani said that under the deal, Russian-Moldovan relations would normalize and sanctions would end. The Moldovan Constitution would stipulate 40-50 years of neutrality. The Transnistria conflict would be resolved along the lines proposed three years ago by Russian negotiator Dmitriy Kozak. Transnistria would formally remain part of Moldova, but would have its own President, Parliament and state structures. The only common structure would be a National Security Council with the Moldovan President as Chair and Transnistrian President as Vice-Chair. Iani did not know what the deal mandated for Russian forces in Moldova (Karaganov believed they would stay).

¶4. (C) Moldovan PolCouns Ciornii described a piecemeal process of rapprochement. He could not explain Putin's turnaround on wine or the Russian decision to allow meat imports -- never significant -- to restart. Moldovan and Russian negotiators are still working out modalities for wine imports. Ciornii said the agreement revolved around quality guarantees: all wine exported to Russia would go through the state wine organization Moldovavin. Tests would be carried

out in Moldova in the presence of Russian experts. Moldovan experts would accompany the wine to Moscow and test it once again on arrival.

15. (C) Ciornii said the Russian-Moldovan Bilateral Commission had started meeting again and its Russian Chair, Education Minister Fursenko, was visiting Moldova December 18. On the same day, a Russian Duma delegation would begin a three-day visit. The Bilateral Commission would also be the umbrella organization for bilateral talks on an agreement for Russian WTO accession. Ciornii said that in addition to seeking an end to the current import embargoes, Moldova's principal issue in those talks is Russia's charging VAT on gas it exports to Moldova.

16. (C) On Transnistria, Ciornii said Moldova is calling for the renewal of talks in the five plus two format, but the Transnistrian authorities remain reluctant. Progress has been made on one issue: agreement was reached to re-start weekly high-speed train service between Moscow and Chisinau along tracks through Chisinau, while Ukraine has reopened the railroad bridge at Mogilev for twice-weekly slower trains. Ciornii knew that the Russians are insisting on their variant for a political solution, strongly resembling the proposal made by Russian negotiator Dmitriy Kozak three years ago.

17. (C) Ciornii said Moldova has been open in offering to guarantee Russian economic interests in Transnistria after a settlement, especially with regard to export of electricity to Russia from Cuciurgan. He also noted that Moldova has declared itself a neutral state, though he thought NATO membership was inevitable. Ciornii grew evasive and uncomfortable, however, when asked whether the Russians had proposed bilateral Russian-Moldovan talks on Transnistria

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outside the 5 plus 2 format.  
RUSSELL